

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.
THIBODAUX, LA

Financial Reports

June 30, 2014

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **FEB 25 2015**

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Nicholls State University Foundation, Inc.

June 30, 2014

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Lanaux & Felger

— CERTIFIED PUBLIC ACCOUNTANTS —
A PROFESSIONAL CORPORATION

THOMAS J. LANAUX, CPA
MARK S. FELGER, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Nicholls State University Foundation, Inc.
Thibodaux, Louisiana

We have audited the accompanying financial statements of Nicholls State University Foundation, Inc. (the Foundation) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

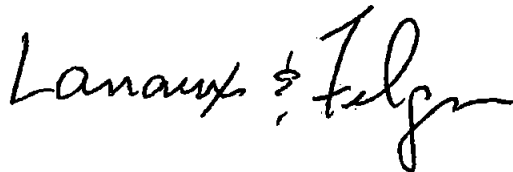
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter – Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of program services, support services, and funds held in custody on pages 16 through 19 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Houma, Louisiana
February 4, 2015

A handwritten signature in cursive script, reading "Lanaux & Telgen".

Nicholls State University Foundation, Inc.
Statements of Financial Position
June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Cash and cash equivalents	\$ 377,617	\$ 404,868
Invested cash	<u>1,858,403</u>	<u>1,120,479</u>
Total cash and cash equivalents	2,236,020	1,525,347
Restricted cash - Endowed		
Chairs and Professorships	677,015	316,819
Investments	21,246,812	18,460,765
Accrued interest	27,943	28,894
Accounts receivable	45,773	64,282
State matching funds receivable	80,000	40,000
Antique collection	<u>75,830</u>	<u>75,830</u>
Total assets	<u>\$ 24,389,393</u>	<u>\$ 20,511,937</u>
Liabilities		
Accounts payable	\$ 26,274	\$ 64,757
Notes payable	1,600,000	-
Funds held in custody:		
State funds	3,666,002	3,165,465
University funds	<u>7,180,594</u>	<u>6,573,702</u>
Total liabilities	<u>12,472,870</u>	<u>9,803,924</u>
Net Assets		
Unrestricted	(237,152)	80,817
Temporarily restricted	5,664,046	4,508,138
Permanently restricted	<u>6,489,629</u>	<u>6,119,058</u>
Total net assets	<u>11,916,523</u>	<u>10,708,013</u>
Total	<u>\$ 24,389,393</u>	<u>\$ 20,511,937</u>

See accompanying notes to financial statements

Nicholls State University Foundation, Inc.
Statements of Activities
Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Changes in Unrestricted Net Assets		
Revenue:		
Contributions - memberships	\$ 94,135	\$ 94,421
Dividends and interest income	27,410	16,860
Gain (loss) on investments, net	137,217	17,617
Other revenues	116,785	64,696
Total revenues	<u>375,547</u>	<u>193,594</u>
Net assets released from restrictions:		
Satisfaction by payment	<u>3,416,220</u>	<u>3,914,895</u>
Total unrestricted revenue	<u>3,791,767</u>	<u>4,108,489</u>
Expenses:		
Program services	3,395,403	3,888,796
Support services	714,333	540,577
Total expenses	<u>4,109,736</u>	<u>4,429,373</u>
Increase (Decrease) in Unrestricted Net Assets	<u>(317,969)</u>	<u>(320,884)</u>
Changes in Temporarily Restricted Net Assets		
Contributions	1,591,516	1,803,967
Dividends and interest income	257,860	278,015
Gain (loss) on investments, net	890,758	305,108
Colonels Brigade support	975,790	748,465
John Folse Culinary Institute support	822,405	1,109,196
Special fundraising events	233,799	213,002
Net assets released from restrictions:		
Restrictions satisfied by payments	<u>(3,416,220)</u>	<u>(3,914,895)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>1,155,908</u>	<u>542,858</u>
Changes in Permanently Restricted Net Assets		
Contributions	368,488	177,500
Dividends	729	792
Gain on investments, net	1,354	854
Increase in Permanently Restricted Net Assets	<u>370,571</u>	<u>179,146</u>
Increase (Decrease) in Net Assets	<u>1,208,510</u>	<u>401,120</u>
Net Assets at Beginning of Year	<u>10,708,013</u>	<u>10,306,893</u>
Net Assets at End of Year	<u>\$ 11,916,523</u>	<u>\$ 10,708,013</u>

See accompanying notes to financial statements.

Nicholls State University Foundation, Inc.
Statements of Cash Flows
Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 1,208,510	\$ 401,120
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Net (gain) loss from investments	(526,188)	(215,625)
(Appreciation) depreciation in value of investments	(1,577,837)	(107,956)
(Increase) decrease in:		
Accounts receivable	18,509	43,272
State matching funds receivable	(40,000)	(40,000)
Accrued interest	951	40,000
Increase (decrease) in:		
Accounts payable	(38,483)	(42,898)
Funds held in custody	1,107,429	417,308
Contributions and investment income restricted for endowment purposes	(370,571)	(179,146)
Total adjustments	<u>(1,426,190)</u>	<u>(85,045)</u>
Net cash provided by (used in) operating activities	<u>(217,680)</u>	<u>316,075</u>
Cash Flows from Investing Activities		
Proceeds from sales of investments	7,640,912	6,053,255
Purchase of investments	<u>(8,683,130)</u>	<u>(6,516,312)</u>
Net cash provided by (used in) investing activities	<u>(1,042,218)</u>	<u>(463,057)</u>
Cash Flows from Financing Activities		
Proceeds from short-term debt	1,600,000	-
Endowment fund contributions	368,488	177,500
Investment income restricted for endowments	<u>2,083</u>	<u>1,646</u>
Net cash provided by financing activities	<u>1,970,571</u>	<u>179,146</u>
Net increase (decrease) in cash and cash equivalents	710,673	32,164
Cash and cash equivalents at beginning of year	<u>1,525,347</u>	<u>1,493,183</u>
Cash and cash equivalents at end of year	<u>\$ 2,236,020</u>	<u>\$ 1,525,347</u>
Non-cash investing and financing activities:		
Non-cash contributions received - investment securities	<u>\$ 18,988</u>	<u>\$ -</u>

See accompanying notes to financial statements.

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.

Notes to Financial Statements

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Organization

The Nicholls State University Foundation, Inc. (the Foundation) was incorporated under Title 12, Section 101 et seq. of the State of Louisiana laws as a non-profit organization on June 25, 1964.

The objects and purposes of this corporation are to promote, stimulate and improve the educational, cultural, moral and material welfare of Nicholls State University (the University); to promote, improve and encourage closer cultural, moral, and intellectual intercourse therewith between the members of this corporation and the University; to give financial aid to needy and deserving students; to promote and encourage research and scholastic excellence among the faculty members of the University; to buy, sell, lease, erect, or otherwise acquire lands and all necessary buildings and appurtenances to further such ends, to hold, maintain and operate same, to sell, lease or dispose thereof and generally to do all things necessary or proper to achieve such ends. This corporation is organized and shall be operated exclusively for educational, scientific and literary purposes.

b) Financial Statement Presentation

Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets that are subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that the principal not be expended, but rather invested to provide a permanent source of income for the Foundation's programs.

c) Basis of Accounting

Assets, liabilities, revenues and expenses are recognized on the accrual method of accounting for financial statement presentation and the cash basis for federal income tax purposes.

d) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of support,

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.

Notes to Financial Statements, continued

revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

e) Cash and Cash Equivalents

For purposes of the statements of cash flow, the Foundation considers all highly liquid, unrestricted investments with an initial maturity of three months or less to be cash equivalents.

f) Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value based on quoted market prices. Other investments, including hedge funds and other externally managed investments are not readily marketable and are reported at fair value utilizing the most current information provided by the external advisor, subject to assessments that the information is representative of fair value and in consideration of any additional factors deemed pertinent to the fair value measurement.

Dividend, interest, and other investment income, including realized and unrealized gains or losses, is recorded as an increase in unrestricted, temporarily restricted, or permanently restricted net assets depending on donor stipulations.

g) Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restriction. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

h) Promises to Give

Unconditional promises to give are recognized as revenue in the period received. Promises to give are recorded at their realizable value if they are expected to be collected within one year and at their fair value if they are expected to be collected in more than one year. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Uncollectible promises to give are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or change in net assets.

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.

Notes to Financial Statements, continued

i) Collections

Donations of collections are recorded as support at their estimated fair value at the date of their donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

j) Expense Allocation

The costs of providing various programs and other activities are summarized on a functional basis in the financial statements. Accordingly, certain costs are allocated among the programs and supporting services benefited.

k) Funds Held in Custody

The Foundation has received various matching grants from the State of Louisiana under the Eminent Scholars Endowed Chairs and Endowed Professorships programs which are only approved after certain levels of private funding have been raised. The Foundation must comply with certain policies, procedures, and regulations regarding the administration of these programs.

l) Income Taxes

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and is classified as a public charity. Therefore, no provisions for income taxes have been made. The Foundation's Form 990, Returns of Organizations Exempt from Income Tax, are generally subject to examination by the Internal Revenue Service for three years after they were filed.

2) CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

The Foundation maintains several bank accounts at Capital One Bank. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash at this institution exceeded federally insured limits by \$447,467 as of June 30, 2014. Money market mutual funds included in cash equivalents totaled \$1,858,403 and \$1,120,479 at June 30, 2014 and 2013, respectively. These amounts were uninsured. Restricted cash, which consists of money market mutual funds invested for the Endowed Chairs and Professorships Program, totaled \$677,015 and \$316,819 at June 30, 2014 and 2013, respectively. These amounts were also uninsured.

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.

Notes to Financial Statements, continued

3) INVESTMENTS

At June 30, 2014 and 2013, the Foundation's investments, carried at fair value, consisted of the following:

	June 30, 2014	June 30, 2013
Equity securities:		
Corporate stock	\$ 5,138,647	\$ 4,465,283
Stock mutual funds	2,985,437	3,100,407
Bond mutual funds	2,130,937	3,014,635
Exchange traded funds	5,543,817	3,614,089
Other investments	1,671,203	1,530,034
Debt securities:		
Obligations of states and municipal governments	2,688,131	2,736,317
Equity linked notes	1,088,640	-
	<u>\$ 21,246,812</u>	<u>\$ 18,460,765</u>

Other investments include hedge funds and a futures fund, which are sophisticated, multi-strategy investments managed by external advisors. Such investments are not readily marketable and are reported at fair value utilizing the most current information provided by the external advisor, subject to management's assessment that the information is representative of fair value and in consideration of any additional factors pertinent to the fair value measurement.

The following schedules summarized the investment return and its classification in the statement of activities for the years ended June 30, 2014 and 2013. Interest, dividends, and net gains (losses) have been distributed to Unrestricted, Temporarily Restricted, or Permanently Restricted based on each classification's pro-rata share of investments.

2014	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividends and interest	\$ 27,410	\$ 257,860	\$ 729	\$ 285,999
Net gain (loss)	137,217	890,758	1,354	1,029,329
Total investment return	<u>\$ 164,627</u>	<u>\$ 1,148,618</u>	<u>\$ 2,083</u>	<u>\$ 1,315,328</u>

Investment, custodial, and advisory fees paid during the year ending June 30, 2014 totaled \$109,141.

2013	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividends and interest	\$ 16,860	\$ 278,015	\$ 792	\$ 295,667
Net gain (loss)	17,617	305,108	854	323,579
Total investment return	<u>\$ 34,477</u>	<u>\$ 583,123</u>	<u>\$ 1,646</u>	<u>\$ 619,246</u>

Investment, custodial, and advisory fees paid during the year ending June 30, 2013 totaled \$90,489.

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.

Notes to Financial Statements, continued

Investments include Professorships and Chairs of Nicholls State University in the amount of \$7,180,594 and state matching funds in the amount of \$3,666,002. Once a chair or professorship has been matched by the state program, funds are transferred to UBS Financial Services, Inc. for investment purposes.

4) FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Although the exchange price concept is not new, the new definition focuses on the exit price as opposed to the entry price that would be paid to acquire an asset or received to assume a liability. The standard also emphasizes that fair value is a market-based measurement and not an entity-specific measurement and establishes a hierarchy to prioritize the inputs that can be used in the fair value measurement process. The inputs in the three levels of this hierarchy are described as follows:

- Level 1 Quoted prices in active markets for identical assets or liabilities. An active market is one in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 Observable inputs other than Level 1 prices. This would include quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- Level 3 Unobservable inputs, to the extent that observable are unavailable. This allows for situations in which there is little or no market activity for the asset or liability at the measurement date.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. In certain instances, several valuation techniques are utilized by external managers (e.g. the market approach or the income approach) for which sufficient and reliable data is available. The use of the market approach generally consists of using comparable market transactions, while the use of the income approach generally consists of the net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market and/or other risk factors. Although direct valuation techniques and methodologies for Level 3 assets are not completed internally, Foundation management and the Foundation's investment consultant conduct ongoing monitoring and review of managers to ensure that reporting and valuation techniques are in accordance with industry standards.

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.

Notes to Financial Statements, continued

Investments measured at fair value on a recurring basis are as follows, at June 30, 2014:

	Total	Level 1	Level 2	Level 3
Equity securities:				
Corporate stock	\$ 5,138,647	\$ 5,138,647	\$ -	\$ -
Stock mutual funds	2,985,437	2,985,437	-	-
Bond mutual funds	2,130,937	2,130,937	-	-
Exchange traded funds	5,543,817	5,543,817	-	-
Hedge funds and other	1,671,203	-	-	1,671,203
Debt securities:				
Obligations of states and municipal governments	2,688,131	-	2,688,131	-
Equity linked notes	1,088,640	-	1,088,640	-
	<u>\$ 21,246,812</u>	<u>\$ 15,798,838</u>	<u>\$ 3,776,771</u>	<u>\$ 1,671,203</u>

Changes in the amounts of Level 3 investments reported in the statement of financial position are as follows for the year ended June 30, 2014:

	Hedge Funds
Balance at June 30, 2013	\$ 1,530,034
Net purchases and sales	2,829
Unrealized gain (loss)	138,340
Balance at June 30, 2014	<u>\$ 1,671,203</u>

4) ANTIQUE COLLECTION

Antique collection consists of antique furniture, dinnerware, paintings, and other household items donated to the foundation.

5) UNCONDITIONAL PROMISES TO GIVE

Pledged support receivable in more than one year is discounted based on U.S. Government issues. There were no unconditional promises to give at June 30, 2014 and 2013.

6) STATE MATCHING FUNDS RECEIVABLE

State matching funds receivable, comprised of the amounts due from the State of Louisiana in regard to Endowed Chair, Endowed Professorship, and Endowed Scholarship Program, totaled \$80,000 and \$40,000 as of June 30, 2014 and 2013, respectively.

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.

Notes to Financial Statements, continued

7) FUNDS HELD IN CUSTODY

Under agreements with Nicholls State University (the University), the Foundation holds and manages funds received by the University as State matching funds for the accounts of the Endowed Chair, Endowed Professorship, and Endowed Scholarship Programs. Also, under an agreement with Nicholls State University, the Foundation holds and manages the donated and state matching funds for the University. As of June 30, 2014 and 2013, the funds held in custody are as follows:

	<u>2014</u>	<u>2013</u>
State funds held in custody	\$ 3,666,002	\$ 3,165,465
University endowments held in custody	<u>7,180,594</u>	<u>6,573,702</u>
Total funds held in custody	<u>\$ 10,846,596</u>	<u>\$ 9,739,167</u>

8) NOTES PAYABLE

Notes payable consists of loans from two board members in the amount of \$800,000 each. The loans were made to provide the funding needed for the furnishing of certain kitchen and culinary equipment necessary to complete the four teaching kitchens at the Chef John Folse Culinary Institute. The notes bear no interest and have no maturity date or repayment schedule. No assets have been pledged as collateral and the lenders waived any rights to seek repayment from the assets of the Foundation. Nicholls State University and the Chef John Folse Culinary Institute have entered into a Memorandum of Agreement with the Foundation under which the parties pledge to continue fundraising efforts until the loans are repaid.

9) RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are restricted by donors for specific programs, purposes, or to assist specific departments of Nicholls State University. The Foundation conducts numerous program services including assistance with research, scientific endeavors, educational assistance through faculty salary supplemental compensation and student scholarships, equipment purchases for specific departments, etc. These restrictions are considered to expire when payments for restricted purposes are made. None of the temporarily restricted net assets are time-restricted by donors. As of June 30, 2014 and 2013, temporarily restricted net assets are as follows:

	<u>2014</u>	<u>2013</u>
Endowed Chairs and Professorships	\$ 1,389,564	\$ 938,757
Scholarships	870,485	930,624
Business Capstone Funds	575,986	524,407
Chef John Folse Culinary Institute	47,656	45,251
Other University Projects	<u>2,780,355</u>	<u>2,069,099</u>
	<u>\$ 5,664,046</u>	<u>\$ 4,508,138</u>

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.

Notes to Financial Statements, continued

Permanently restricted net assets consist of endowment fund investments to be held indefinitely and unconditional promises to give. The income from endowment investments is expendable for specific program services and is recorded as temporarily restricted revenue.

As of June 30, 2014 and 2013, permanently restricted net assets are as follows:

	2014	2013
Endowed Chairs and Professorships	\$ 4,204,130	\$ 3,964,130
Scholarships	2,285,499	2,154,928
	<u>\$ 6,489,629</u>	<u>\$ 6,119,058</u>

10) ENDOWED NET ASSETS

The board of directors has interpreted state law as requiring the preservation of original corpus of the permanent endowment funds unless explicit donor stipulations specify how net appreciation must be used. The long-term objective of the Foundation's investment policy is to preserve the purchasing power of the net assets and maintain an average annual total return at or above the level of spending and fees. In addition, the investment program is expected to exceed a composite benchmark index comprised of market indices weighted in proportion to an asset allocation policy. Adequate liquidity shall be maintained to provide distributions as stipulated in the endowment agreement.

To achieve the long-term investment objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both market appreciation (realized and unrealized), and interest and dividends. The Foundation targets an appropriately diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Under the Foundation's endowment spending policy, the long-term average of spending should be no greater than the long-term real total return of the fund. Annual spending of up to 5 percent of the market value of program assets averaged on a consistent basis for the five most recent fiscal trust fund years is allowed, provided that the market value of program assets at the end of the most recent fiscal fund year exceeds the original corpus of the endowment by an amount at least equal to the amount to be spent in the next fiscal fund year for which a spending allocation is to be made. When the current market value of program assets is below the original corpus of the endowment, no spending is allowed.

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.

Notes to Financial Statements, continued

The composition and changes in donor restricted endowments funds for the years ended June 30, 2014 and 2013 were as follows:

	Temporarily Restricted	Permanently Restricted	Total
Balance at June 30, 2012	\$ 1,446,154	\$ 5,939,912	\$ 7,386,066
Investment return:			
Investment income	330,754	792	331,546
Net appreciation (depreciation)	132,703	854	133,557
Contributions	378,000	177,500	555,500
Released from restrictions	(579,287)	-	(579,287)
Balance at June 30, 2013	1,708,324	6,119,058	7,827,382
Investment return:			
Investment income	212,890	729	213,619
Net appreciation (depreciation)	735,397	1,354	736,751
Contributions	287,522	368,488	656,010
Released from restrictions	(570,933)	-	(570,933)
Balance at June 30, 2014	<u>\$ 2,373,200</u>	<u>\$ 6,489,629</u>	<u>\$ 8,862,829</u>

10) SUPPORT SERVICES

A summary of supporting services on a functional basis for the years ended June 30, 2014 and 2013 follows:

	2014	2013
Institutional support and development	\$ 478,774	\$ 359,189
Management and general	214,742	155,288
Fundraising	<u>20,817</u>	<u>26,100</u>
Total support services	<u>\$ 714,333</u>	<u>\$ 540,577</u>

11) RECLASSIFICATIONS

Certain amounts in the June 30, 2013 financial statements have been reclassified to conform to the June 30, 2014 presentation. These reclassifications did not have any effect on the change in net assets for the year ended June 30, 2013.

12) SUBSEQUENT EVENTS

Management evaluates events subsequent to the date of the financial statements in determining the accounting disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through February 4, 2015, the date the financial statements were available for issuance.

SUPPLEMENTARY INFORMATION SECTION

Schedule 1

Nicholls State University Foundation, Inc.
Schedules of Program Services
Years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Colonels Brigade	\$ 946,139	\$ 751,465
Program support	272,959	207,915
Scholarships	251,642	284,837
Chef John Folse Culinary Institute	654,658	1,918,391
Other Program Services	<u>1,270,005</u>	<u>726,188</u>
Total program services	<u>\$ 3,395,403</u>	<u>\$ 3,888,796</u>

Schedule 2**Nicholls State University Foundation, Inc.
Schedules of Support Services
Years ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Institutional support and development:		
Athletic	\$ 8,000	\$ 8,100
Institutional development	<u>470,774</u>	<u>351,089</u>
	<u>478,774</u>	<u>359,189</u>
Management and general:		
Foundation office	1,095	1,181
Foundation meeting	6,029	7,253
Professional services	72,037	48,197
Other	<u>135,581</u>	<u>98,657</u>
	<u>214,742</u>	<u>155,288</u>
Fundraising	<u>20,817</u>	<u>26,100</u>
Total support services	<u><u>\$ 714,333</u></u>	<u><u>\$ 540,577</u></u>

Schedule 3

Nicholls State University Foundation, Inc.
Schedules of Funds Held in Custody
Years ended June 30, 2014 and 2013

	2014	2013
State funds held in custody:		
Agnes H. Candles Professorship	\$ 49,559	\$ 45,362
American Association of Drilling Engineers Professorship	50,514	44,893
Bell South Cullinary Professorship	50,015	45,885
Bell South/Brady, Miller, Theriot Callais Professorship	50,015	45,687
Bell South/Picou Professorship	49,465	45,460
Bell South/Picou Professorship #2	49,781	45,657
Bonnie Bourg Professorship	51,419	45,748
Capital One Professorship	48,694	43,276
Cenac Towing Chair	517,930	475,825
CETFE Geomatic/Surveying Professorship	51,784	47,151
Clarence J. Riviere Professorship	53,348	49,362
Durel Matrin Professorship	49,549	45,803
Harvey Peltier, Sr. Professorship	53,385	49,520
Maxine Giardina Professorship	50,729	45,083
Morris and Sandy Hebert Professorship	52,704	47,639
Jimmy and Glenny Lee Buquet Professorship	47,870	44,221
McIlhenny Professorship	48,879	44,595
Minor J. Cheramie Professorship	51,260	47,324
Orleans A. Pitre Professorship	51,427	47,379
Otto Candles Chair	591,712	539,989
T. Baker Smith Professorship	50,870	46,623
T. Shepard Endowed Professorship	52,030	48,021
1st Generation Scholarship	53,350	47,413
J Maselli Professorship	48,889	43,449
B Raziano Professorship	48,752	43,327
R E Miller Professorship	49,696	45,582
Goldingrign Foundation Professorship	51,526	47,157
Gueydan Professorship	52,535	46,917
Henry & Kim Lafont 1st Generation Scholarship	51,646	47,066
Harold Callais Professorship	256,419	234,872
Paul Callais Professorship	127,470	117,418
Peter Callais Professorship	127,855	117,701
Nolen Professorship	48,263	44,658
George Picou Professorship	51,359	47,066
Swanner 1st Generation Scholarship	53,560	48,666
Danos 1st Generation Scholarship	46,772	42,681
B & J Bollinger Scholarship	48,026	42,681
Danos Family Nursing Scholarship	43,856	40,921
R & C Cheramie Scholarship	48,026	42,681
Jack Cenac Scholarship	47,529	42,353
Jock Cenac Scholarship	47,534	42,353
Stephen & Rebecca Hulbert Scholarship	40,000	40,000
Gloria Callais Professorship	40,000	-
Michael & Christine Bourgeois 1st Generation Scholarship	40,000	-
R & J Bartels 1st Generation Scholarship	40,000	-
Harold Callais 1st Generation Scholarship	40,000	-
Burguieres 1st Generation Sholarship	40,000	-
Total State funds held in custody	3,666,002	3,165,465

Schedule 3

Nicholls State University Foundation, Inc.
Schedules of Funds Held in Custody
Years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
University funds held in custody:		
Argent Bank Endowed Professorship in Business Administration	\$ 124,448	\$ 114,181
Belle & Leonard Toups Chair in English	1,299,315	1,198,002
Betsy Ayo Endowed Professorship in Accounting & Business Law	117,515	104,713
Bollinger Family Endowed Chair in Business Administration	1,295,508	1,184,981
Contractor's Educational Trust Fund Endowed Professorship in Manufacturing Technology	124,828	113,147
Entergy Endowed Professorship in Computer Science	118,872	105,922
Entergy Endowed Professorship in Information Systems	113,715	101,327
Gerald Gaston Endowed Professorship in the College of Business Administration	111,674	99,508
Jerry Ledet Foundation Endowed Professorship in Environmental Biology	121,639	108,387
Louisiana Contractors' Licensing Board Endowed Professorship in Production Technology	117,547	104,741
Lorio Foundation Endowed Professorship in Fine Arts	107,409	95,708
Lorio Foundation Endowed Professorship in Language and Literature	107,210	95,531
Lorio Foundation Endowed Professorship in Nursing	106,862	95,220
Lorio Foundation Endowed Professorship in Physical Science	106,817	95,181
Peltier Foundation Endowed Professorship in College of Business Administration	122,083	108,783
Terrebonne General Medical Center Endowed Chair in Nursing & Allied Health	1,349,084	1,241,690
Thibodaux Hospital and Health Center Endowed Professorship in Nursing	125,980	115,697
John A. Brady, Sr. Endowed Chair in Computer Science	1,358,694	1,259,788
John C. Daigle Endowed Professorship in Free Enterprise	124,046	113,970
Donald Peltier Endowed Professorship	127,348	117,225
Total University funds held in custody	<u>7,180,594</u>	<u>6,573,702</u>
Total funds held in custody	<u>\$ 10,846,596</u>	<u>\$ 9,739,167</u>

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A PROFESSIONAL CORPORATION

THOMAS J. LANAUX, CPA
MARK S. FELGER, CPA

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Nicholls State University Foundation, Inc.
Thibodaux, Louisiana

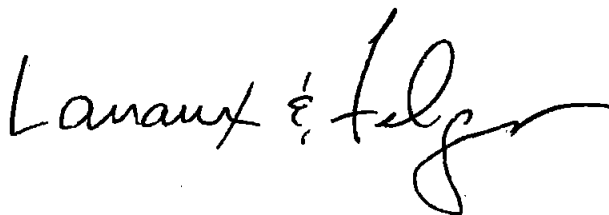
We have performed the procedures enumerated in the attached schedule, which were agreed to by the Board of Directors of Nicholls State University Foundation, Inc. (the Foundation) and the University of Louisiana System (the System), solely to assist you with respect to the investments of the Endowed Chair and Endowed Professorship Programs (state funds) as of June 30, 2014 and for the fiscal year then ended. The Foundation's management is responsible for the Foundation's investment records. This engagement to apply agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those specified parties in the report. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached schedule either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are described in Schedules 1 and 2.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the investments of the state funds of the Foundation. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Nicholls State University Foundation, Inc. and the University of Louisiana System and is not intended to be and should not be used by anyone other than those specified parties.

Houma, Louisiana
February 4, 2015



Nicholls State University Foundation, Inc.

Schedule 1

1. Confirmation of the balance of the state funds held by the Foundation at June 30, 2014 including earnings on those funds (including providing the recorded values and market values as of June 30, 2014) by performance of the following procedures:
 - a. Confirmed in writing the total market value of the investments of the Foundation as of June 30, 2014 with the investment company.
 - b. Agreed opening balances of the state funds as of July 1, 2013 to the prior year audit workpapers.
 - c. Examined the collections of the state funds received for the fiscal year ended June 30, 2014.
 - d. Calculated the earnings of the state funds for the year ended June 30, 2014 by multiplying the total investment earnings by the state contribution factor of 40%.
 - e. Calculated the balance of state funds as of June 30, 2014 by adding the beginning balance, receipts and earnings.
 - f. Agreed the interest, dividends and capital gains (losses) net of participant fees to the investment company's report.

The results of our procedures detailed above indicated no exceptions to the recorded value and market value of the state funds as of June 30, 2014, as shown on the attached Schedule 2.

2. Reviewed the Foundation's investment policy as it relates to the state funds to ensure compliance with those provisions.

We read and obtained an understanding of the Foundation's investment policy and the Louisiana Board of Regents *Statement of Investment Policy and Objectives* for the Endowed Chair, Endowed Professorship, and Endowed Scholarship Programs, and we compared those policies to the information we obtained in Procedure 1 above. No exceptions were noted as a result of performing the procedure.

3. Verified that the earnings generated from the pooled assets were properly allocated to the state funds. No exceptions were noted as a result of performing the procedure.

Nicholls State University Foundation, Inc.

Schedule 2

	June 30, 2014	
	Recorded	Market
	Value	Value
State funds held in custody	<u>\$ 3,666,002</u>	<u>\$3,165,465</u>
University endowments held in custody	<u>7,180,594</u>	<u>6,573,702</u>
Total funds held in custody	<u>\$ 10,846,596</u>	<u>\$9,739,167</u>